

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 8075

BILL NUMBER: HB 1614

DATE PREPARED: Jan 18, 1999

BILL AMENDED:

SUBJECT: Medicaid Payments for Tobacco Related Diseases.

FISCAL ANALYST: Alan Gossard

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Tobacco Related Diseases Fund within the state Medicaid program to pay the state's share of Medicaid payments for the treatment of tobacco related diseases. The bill provides that money in the Fund consists of money from the tobacco settlement. Money in the Fund is to be used in its entirety during each state fiscal year before the state's share of Medicaid payments for the treatment of tobacco related diseases may be taken from the Medicaid account within the state General Fund. The bill requires a health care provider to inform the Office of Medicaid Policy and Planning (OMPP) when the provider treats an individual who is enrolled in the Medicaid program for a tobacco related disease. The bill also requires OMPP, with the assistance of the State Department of Health, to establish a list of tobacco related diseases. The bill also makes conforming amendments.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill establishes the Tobacco Related Diseases Fund into which will be deposited revenues from the Tobacco Settlement. Indiana's share of the payments from the Tobacco Settlement may total up to \$3,996,355,551 over 27 years. In addition, states like Indiana which had already begun litigation with the tobacco companies prior to the settlement may receive some portion of an additional \$8.6 billion. Monies in the Tobacco Related Diseases Fund is for the purpose of paying the state's share of Medicaid payments for the treatment of tobacco-related diseases. These monies will substitute for state General Fund monies currently used for the state match in the Medicaid program. Money in the Fund does not revert to the state General Fund at the end of a state fiscal year.

Indiana's share of the payments from the Tobacco Settlement are to total \$3,996,355,551 over 27 years according to the schedule listed in the following table. Whether all of these dollars will be available to Indiana is still in question at this time. The federal government is claiming that they are entitled to a share of the settlement award as their share of the recovery of Medicaid expenditures. This issue has not yet been resolved. The federal matching percentage rate for Indiana Medicaid expenditures is typically around 61%.

Annual Payments to Indiana from the Tobacco Settlement, 1999 through 2025.

Year	Indiana Share (Annual)
1999	\$48,955,278
2000	130,787,086
2001	141,229,043
2002	169,574,859
2003	171,179,702
Each Year, 2004 to 2007	142,867,821
Each Year, 2008 to 2017	145,703,147
Each Year, 2018 to 2025	163,265,853
Total	\$3,996,355,551
Note: The federal government is claiming that some portion of the award must be returned to the federal government as their share of the recovery of Medicaid expenditures. This issue has not yet been resolved. The federal matching percentage rate for Indiana Medicaid expenditures is typically around 61%.	

Explanation of State Revenues: See Explanation of State Expenditures, above, regarding revenues from the Tobacco Settlement.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Family and Social Services Administration

Local Agencies Affected:

Information Sources: J.D. Lux, Office of the Attorney General, 232-6201.